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FISCAL IMPACT STATEMENT

LS 6374

BILL NUMBER: SB 110

NOTE PREPARED: Dec 12, 2011

BILL AMENDED:

SUBJECT: Local Government Issues.

FIRST AUTHOR: Sen. Holdman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill has the following provisions:

Reorganization of County Executive and Legislative Structure: The bill provides that in counties other than Marion County, the county executive may adopt an ordinance to change the executive and legislative structure of county government.

It provides that such an ordinance to change the structure of county government may be adopted only during an odd-numbered year or before July 1 of an even-numbered year.

The bill specifies that if the ordinance is adopted by a unanimous vote of the entire membership of the county executive, the voters of the county shall not elect a board of county commissioners, but shall instead elect a single county commissioner to serve as the county executive and shall elect a county council that has the legislative and fiscal powers and duties of the county. It specifies that if the ordinance is adopted by less than a unanimous vote of the entire membership of the county executive, a public question shall be held in the county on whether the executive and legislative structure of county government should be changed.

The bill specifies that at least 2% of the voters of a county (other than Marion County) may file a petition with the county auditor to place on the ballot in the county a public question on whether the executive and legislative structure of county government should be changed.

The bill provides that if the public question is approved after it is placed on the ballot either after adoption of an ordinance by less than a unanimous vote of the entire membership of the county executive or after a petition is submitted by the voters, the voters of the county shall not elect a board of county commissioners,

but shall instead elect a single county commissioner to serve as the county executive and shall elect a county council that has the legislative and fiscal powers and duties of the county.

It provides that in a county with a single county commissioner:

- (1) the initial single county commissioner is elected in the second general election after the ordinance or (if required) the public question to change the structure of county government is approved;
- (2) the board of county commissioners is abolished when the first single county commissioner takes office; and
- (3) the county council shall (except in Lake County or St. Joseph County) be elected from seven single-member districts.

The bill provides that a person is not eligible to serve as the single county commissioner more than 8 years in any 12-year period. The bill also provides that if the office of single county commissioner becomes vacant, the county council shall appoint an individual to serve as interim single county commissioner until the office is filled.

It provides that in a county that has abolished the board of county commissioners and has elected a single county commissioner, the county council may adopt an ordinance changing the county government structure back to a structure that includes the election of a board of county commissioners (instead of a single county commissioner).

It also provides that if the ordinance is adopted unanimously, the county government structure is changed back to a structure that includes the election of a board of county commissioners.

It provides that if the ordinance is adopted by less than a unanimous vote or if 2% of the voters of the county file a petition, a public question shall be held to determine whether the county government structure shall be changed back to a structure that includes the election of a board of county commissioners.

The bill requires an individual elected as the single county commissioner to complete certain training courses. The bill also provides that an individual who is an incumbent single county commissioner may not be a candidate for that office if the individual has not completed the training courses within the required time.

Government Modernization Statutes: It provides that in the case of a proposed governmental reorganization that is on the ballot after June 30, 2012, under the government modernization statutes, and that involves a county and a municipality, the proposed reorganization is approved if: (1) a majority of the voters in the county voting on the public question (on a countywide basis) vote in favor of the proposed reorganization; and (2) in the case of a vote being conducted with a "rejection threshold", a majority of the voters of the county (excluding the voters of the reorganizing municipalities) voting on the public question vote in favor of the proposed reorganization and a majority of the voters of each reorganizing municipality voting on the public question also vote in favor of the proposed reorganization.

(Under current law governing reorganizations involving a county and a municipality: (1) the percentage of the countywide vote that must approve the proposed reorganization may be set at a higher percentage than a majority vote; and (2) if the vote is being conducted with a rejection threshold, the threshold for approval by county voters (excluding voters in the reorganizing municipalities) and for approval by voters of the reorganizing municipalities may also be set at a higher percentage than a majority vote.)

The bill changes population parameters to reflect the population count determined under the 2010 decennial

census.

Effective Date: Upon passage; July 1, 2012.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Reorganization of County Executive and Legislative Structure:* The fiscal impact of the bill will depend on decisions of the county council in setting executive compensation. No current county executive or legislative responsibility is reduced or eliminated by the bill. Once a county's executive structure is changed, the bill also allows for the structure to be changed back to the current configuration. The fiscal impact of all any change will depend on the compensation set for the county executive function.

Additionally, the bill requires training for the single county commissioner of 15 hours within one year and a total of 40 hours over three years. An incumbent who has not completed courses would not be eligible to run for reelection. The cost of training would be between \$180 and \$225 per year per single county commissioner.

In almost all Indiana counties, a three-member board of county commissioners carries out the county's executive duties, and a change to a single county commissioner could potentially change the compensation costs for the executive. Executive compensation is determined by the county fiscal body, and any cost savings will result from the decisions of the fiscal body. Officers are compensated from the county general fund. The average salary for county commissioners in 2010 (for 78 counties reporting) was \$23,445, with a salary range between \$6,775 and \$65,300.

A position similar to the single elected county commissioner may be a city mayor, and similar compensation may be earned by a single county commissioner, depending on the decisions of the county fiscal body. For the 76 second- and third-class cities reporting, there is a correlation between mayor salary and population size when certain outliers are removed from the sample. The following table shows the city population range, the average mayor compensation and compensation range, and the correlation coefficient of city population to mayor salary.

City Population Range	Average Mayor Salary	Mayor Salary Range	Correlation Coefficient
<10,000*	\$42,655	\$8,840 - \$59,618	0.641
11,000 - 69,291	\$69,825	\$49,232 - \$112,762	0.795
107,789 - 251,247	\$104,323	\$94,633 - \$123,600	0.997
*Four outlier cities were excluded from the <10,000 city population range resulting in higher correlation between city population and mayor salary. The cities excluded were Bicknell, Elwood, Rising Sun, and Whiting.			
Source: 2010 IACT Salary, Wage and Fringe Benefits Survey.			

Reorganization of Legislative Duties: In a county where executive and legislative structure is changed, the reassignment of legislative duties from the county commissioners to the county council should have no fiscal impact. [The county council is the seven-member fiscal body of the county. Under the bill, the county council

would assume the legislative duties of the board of county commissioners. In 2009, the average salary for a county council member was \$7,034, and ranged between \$2,946 and \$43,711.]

Government Modernization Statutes: To the extent that a municipality and a county could work more efficiently, avoid duplication of services, or reduce costs by reorganizing, the bill makes the ability to form the combination more easily achieved. Any fiscal impact would likely be minimal.

Background and Additional Details - Outside of Marion County, the board of county commissioners is the executive body of the county. All executive and administrative powers or duties of the county, except those expressly assigned by law to other elected or appointed officials, are assigned to the board of county commissioners. Also, the board of county commissioners has many assigned and authorized responsibilities. Examples include:

- (1) Establishing procedures for all county departments, offices, and agencies under its jurisdiction.
- (2) Administering all statutes applicable to the county and its ordinances and regulations.
- (3) Supervising the care and custody of all county property, the collection of revenues, and the control of disbursements and expenditures, and reporting on the same.
- (4) Determining the nature and extent of all county improvements.
- (5) Negotiating contracts for the county.

Under the bill, the single county commissioner would assume all the responsibilities of the board of county commissioners. The county executive also would have specific reporting duties to both the residents of the county and the legislative body, would make recommendations concerning county improvements and actions, and would have approval and veto powers on ordinances passed by the county legislative body.

Training: Under the bill, training courses are defined as courses developed by the Association of Indiana Counties (AIC) and approved by the State Board of Accounts. AIC has an Institute for Excellence in County Government. Most courses offered earn 5 credit hours. To complete 15 hours of training, the single county commissioner would have to take three courses per year. The county official rate for courses is \$60 for webinars and \$75 for nonwebinars.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Counties.

Information Sources: <http://www.indianacounties.org/>; *IACT Salary, Wage and Fringe Benefits Survey, 1st & 2nd Class Cities*; *IACT Salary, Wage and Fringe Benefits Survey, 3rd Class Cities*; *IAC 2011 FactBook*; *Consolidated City of Indianapolis, Marion County 2012 Introduced Budget*.

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